

**UNITED STATES BANKRUPTCY COURT  
MIDDLE DISTRICT OF NORTH CAROLINA  
WINSTON-SALEM DIVISION**

IN RE:	§	
	§	Case Number 09-50140
RENEGADE HOLDINGS, INC., et al,	§	Consolidated for Administration
	§	Chapter 11
Debtors.	§	

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**MOTION TO DISBURSE NET SALES PROCEEDS TO BANK OF  
THE CAROLINAS IN PAYMENT OF ITS JUNIOR LIENS**

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Peter L. Tourtellot, Chapter 11 Trustee, through counsel and for and on behalf of the bankruptcy estates of Renegade Holdings, Inc., Alternative Brands, Inc., and Renegade Tobacco Company (“Debtors”), and pursuant to 11 U.S.C. §§105(a) and 363, hereby moves the Court pursuant to the Amended Order (i) Confirming Sales of Certain Real Property Located in Davie County, North Carolina to Parties That Submitted the Highest Bids at Auction on June 23, 2011, Free and Clear of All Liens, Claims, Encumbrances and Other Interests; and (ii) Authorizing Closing on Sale of Certain Real Property entered July 14, 2011 [Docket No. 967] (the “Order Confirming Sale”) for entry of an order authorizing payment of the Net Sales Proceeds (as defined in the Order Confirming Sale) held in trust by Ashley S. Rusher and the firm of Blanco Tackabery & Matamoros, P.A., Special Counsel to the Chapter 11 Trustee (“Special Counsel”) in the amount of \$522,621.03 to Bank of the Carolinas (the “Motion”).

In support of this Motion, Debtors respectfully show the Court as follows:

**JURISDICTION AND VENUE**

1. This Court has jurisdiction over this Motion pursuant to 28 U.S.C. §§ 157 and 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b). Venue is proper in this district pursuant to 28 U.S.C. § 1408.

## **FACTS AND RELIEF REQUESTED**

2. In furtherance of the Order Confirming Sale, on July 27 and August 10, 2011 closing took place on the sale of the Properties (as defined in the Order Confirming Sale) (the “Closings”).

3. The Closing Attorneys at the various Closings, and Special Counsel thereafter, made disbursements pursuant to the Order Confirming Sale including payment of *ad valorem* property taxes, deed stamps, buyer’s premium, and all first lien deeds of trust on the Properties, as fully set forth in the Report of Sale filed September 14, 2011 [Docket No. 1026].

4. The Court entered an order on September 23, 2011 approving the fee application of Iron Horse Auction Co., Inc. (“Iron Horse”) for its professional services rendered and expenses incurred in connection with the sale of the Properties [Docket No. 1027]. Special Counsel disbursed the Court-approved fees and expenses to Iron Horse on September 24, 2011. The Net Sales Proceeds are held in trust by Special Counsel, as ordered by the Court.

5. At the time of the Closings, Bank of the Carolinas had junior lien deeds of trust encumbering the Properties, which secured various obligations of Calvin A. Phelps, Alternative Brands, Inc. and/or Renegade Holdings, Inc. to Bank of the Carolinas (“Junior Liens”).

6. Bank of the Carolinas consented to its Junior Liens being transferred to the proceeds of sale, and pursuant to the Order Confirming Sale, all liens, claims and encumbrances, including the Junior Liens were transferred to the Net Sales Proceeds. As of September 27, 2011, the obligations secured by the Junior Liens are in the amount of \$3,041,600.61, and exceed the Net Sales Proceeds held by Special Counsel.

7. Bank of the Carolinas’ Junior Liens take priority over any other lien, claim or encumbrance transferred to the Net Sales Proceeds, and is entitled to distribution of the Net Sales Proceeds in partial satisfaction of its Junior Liens.

8. By this Motion, Debtors seek entry of an order authorizing and directing Special Counsel to disburse the Net Sales Proceeds in the amount of \$522,621.03 to Bank of the Carolinas in consideration of its Junior Liens.

9. Disbursement of the Net Sales Proceeds from the sale of the Properties to Bank of the Carolinas is in the best interest of the estate and its creditors, as it will reduce the overall secured indebtedness of Debtors from the sale of non-estate assets.

WHEREFORE, Debtors respectfully request the Court enter an order:

1. Authorizing and directing Special Counsel to disburse the Net Sales Proceeds in the amount of \$522,621.03 to Bank of the Carolinas in consideration of its Junior Liens; and
2. Granting such other relief as the Court deems just and proper.

This the 4<sup>th</sup> day of October, 2011.

/s/ Ashley S. Rusher  
Ashley S. Rusher, NCSB #14296  
*Special Counsel*

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**CERTIFICATE OF SERVICE**

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The undersigned does hereby certify that she has this date served a copy of the **MOTION TO DISBURSE NET SALES PROCEEDS TO BANK OF THE CAROLINAS IN PAYMENT OF ITS JUNIOR LIEN DEEDS OF TRUST** by electronic mail on the parties shown on the attached list, or by depositing a copy in the United States Mail, postage prepaid, if noted as "via first class mail."

This the 4<sup>th</sup> day of October, 2011.

/s/ Ashley S. Rusher  
Ashley S. Rusher, NCSB #14296  
*Special Counsel*

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